

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION


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In the matter, on the Commission's own motion,)
to consider Ameritech Michigan's compliance)
with the competitive checklist in 271 of Section)
the Telecommunications Act of 1996.)
_____)

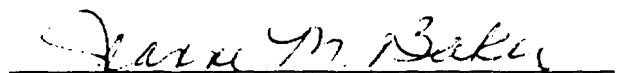
Case No. U-11104

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Sara C. Devine, being first duly sworn, deposes and says that on the 19th day of December, 1996, she caused to be served upon the persons listed in the attached Service List, copies of the Response of MCI Telecommunications Corporation Compliance Filing and Request for Approval of Plan on IntraLata Toll Dialing Parity in the above-referenced matter, by placing said copies in envelopes addressed to each person listed on the Service List and, with postage fully prepaid thereon, deposited said envelopes in a United States mail receptacle.


Sara C. Devine

Subscribed and sworn to before me this 19th day of December, 1996.


Jeanne M. Baker, Notary Public
Ingham County, Michigan
My commission expires: 6/19/01

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December 19, 1996

Ms. Dorothy Wideman
Executive Secretary Division
Michigan Public Service Commission
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MICHIGAN PUBLIC SERVICE
FILED

DEC 19 1996

COMMISSION

Dear Ms. Wideman:

RE: Case No. U-11104

Enclosed for filing in the above referenced case is the original and fifteen (15) copies of AT&T Communications of Michigan, Inc.'s Reply Comments to Ameritech Michigan's Compliance Filing and Request for Approval of Plan on IntraLata Toll Dialing Parity.

Sincerely,

Joan Marsh
(dp)

Enclosures

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)	
to consider Ameritech Michigan's compliance)	Case No. U-11104
with the competitive checklist in Section 271))	
of the Telecommunications Act of 1996.)	
_____)	

**AT&T'S REPLY COMMENTS TO AMERITECH MICHIGAN'S
COMPLIANCE FILING AND REQUEST FOR APPROVAL
ON PLAN OF INTRALATA TOLL DIALING PARITY**

AT&T hereby files comments in reply to Ameritech Michigan's "Compliance Filing and Request for Approval of Plan on IntraLATA Toll Dialing Parity," filed on November 27, 1996.¹

INTRODUCTORY REPLY COMMENTS

Ameritech's intraLATA toll dialing parity "compliance" filing defies explanation. On November 27, 1996 -- the date the "compliance" filing was submitted -- Ameritech was in contempt of Orders from both this Commission and the Ingham County Circuit Court requiring Ameritech to implement intraLATA toll dialing parity throughout the

¹ Although AT&T is submitting these comments in reply to issues raised by Ameritech's submission, AT&T, as an "interested party," is "not limited to filing responses to Ameritech Michigan." See MPSC August 28, 1996 Order, Case No. U-11104, p. 3. Indeed, interested parties have been invited by the Commission to file information relevant to this docket at any time. Because AT&T's analysis of the issues raised by the Commission in this docket is currently incomplete, AT&T hereby reserves the right to submit, at a later time, additional information that may be responsive to the issues outlined in Attachments A and B to the August 28 Order.

State of Michigan. Despite a finding by this Commission that intraLATA toll dialing parity was necessary for effective local competition, and despite the fact that Ameritech had been ordered to implement full intraLATA dialing parity in most of its exchanges in Michigan no later than, July 26, 1996, as of the date Ameritech's "compliance" filing only 10% of Ameritech Michigan's customers had a choice of competitors for 1+ intraLATA toll calling. The violation of valid Commission Orders cannot equate to "compliance" under any possible standard.

Even more remarkable, as part of its "compliance" filing Ameritech proposed an alternative implementation schedule -- one that was inconsistent with and contrary to the dialing parity policies and schedules previously established by this Commission. By proposing this new plan, Ameritech's conduct moved far beyond flagrant disobedience of standing Commission Orders.² Under the guise of satisfying the requirements of Section 271 of the federal Telecommunications Act, Ameritech submitted an alternative schedule that not only wholly ignored the competitive policies articulated by this Commission it also deferred full compliance with the Commission's dialing parity implementation schedule until 10 days prior to Ameritech's exercise of interLATA authority. This flies in the face of the Commission's conclusion that intraLATA toll dialing parity should not be linked to or dependent upon Ameritech's receipt of interLATA authority. Ameritech has attempted to justify its failure to implement dialing parity on a faulty interpretation of Section 312b of the Michigan Telecommunications Act. However, even if Ameritech's argument regarding the interpretation of Section 312b of the MTA were correct (which AT&T

² Notably, Ameritech's compliance filing was submitted two days before the Michigan Court of Appeals entered an Emergency Stay of Commission Orders addressing the implementation of 1+ toll dialing parity.

vehemently disputes), approval of the new implementation schedule proposed by Ameritech will likely result in pushing the actual date that full dialing parity is made available to Michigan consumers even beyond July 31, 1997, the expiration date of Section 312b under the "sunset" provisions of the MTA. Thus, it would appear that under the guise of "compliance" with Commission policy, Ameritech is actually seeking to obtain Commission approval to further delay implementation of full dialing parity beyond the date when Ameritech will lose its statutory "excuse" for failing to follow the existing Commission Orders on the subject. Indeed, given the pro-competition policies established by the Commission in the dialing parity dockets, Ameritech's unilateral alternative proposal should be flatly rejected.

The competitive checklist found in Section 271 identifies the minimum conditions that a Bell Operating Company such as Ameritech Michigan must satisfy before it can provide interLATA services. Section 271 is designed to give Ameritech incentives to provide CLECs like AT&T access and interconnection to its local exchange networks. Section 271 is not a license to ignore the substantial body of authority that this Commission has established in an effort to foster local competition in the State of Michigan. Moreover, the checklist requirements of Section 271 do not pre-empt or usurp, in any way, the force or effectiveness of valid Commission Orders or the requirements of state law.

At the time Ameritech submitted its "compliance" filing, it was in direct violation of valid Commission Orders on intraLATA toll dialing parity. Until the issues related to Ameritech's failure to fully implement 1+ toll dialing parity in accordance with the

Commission's Orders are finally resolved, Ameritech should not be deemed to be in "satisfactory compliance with the Commission's policy regarding intraLATA toll dialing parity."

SPECIFIC REPLY COMMENTS

a. **Is Ameritech Michigan providing intraLATA dialing parity in Michigan on a statewide basis.**

AT&T's Reply Comments: No. Despite this Commission's previous decisions and Orders regarding the competitive benefits to be achieved through implementation of statewide intraLATA toll dialing parity, Ameritech has failed and refused to provide its Michigan consumers with the ability to make a choice in the intraLATA toll marketplace. After a protracted series of appeals (discussed in more detail in the reply comments filed by AT&T in this docket on December 4, 1996), Ameritech's continuing failure to comply with the Commission's intraLATA dialing parity Orders is now pending before the Supreme Court of the State of Michigan. A copy of AT&T's submission to the Supreme Court will be filed in this docket under separate cover.

b. **Is Ameritech Michigan providing local dialing parity in Michigan on a statewide basis?**

AT&T's Reply Comments: No. Ameritech is not currently offering competing providers with nondiscriminatory access to such services and information as are necessary to allow the requested carrier to implement local dialing parity in accordance with the requirements of section 251(b)(3). The primary deficiencies are the result of Ameritech's failure to offer comprehensive interim number portability solutions.

Local dialing parity is possible, in part, because of number portability. Under the interim number portability solutions currently offered by Ameritech, however, CLECs like

AT&T can offer local dialing parity to only some of their customers. Ameritech is currently offering only two number portability solutions in Michigan -- DID (direct inward dialing) and RCF (remote call forwarding). Neither of these two options can be effectively used to provide number portability to large switched-based business customers. These customers can be served only by the use of more sophisticated number portability solutions such as Route Indexing, a solution which has been found to be technically feasible. But Ameritech has refused AT&T's request to provide Route Indexing in Michigan. Thus, until an effective permanent number portability solution is achieved, Ameritech cannot be said to be providing complete local dialing parity in the State of Michigan.

c. Does Ameritech Michigan have any Commission, state court, federal court, Federal Communications Commission, or legislative action pending related to the provision of intraLATA dialing parity and local dialing parity? If yes, supply copies of Ameritech Michigan's or any of its affiliates' pleadings or proposals related thereto. If state or federal courts have issued orders related to intraLATA dialing parity or local dialing parity, provide copies of those orders.

AT&T's Reply Comments: Yes. See, AT&T's discussion of the proceedings related to Ameritech's failure to comply with the Commission's intraLATA dialing parity orders in AT&T's Reply Comments, filed in this docket on December 4, 1996.

The documents, pleadings and orders related to these proceedings, which are extensive, were previously provided to the Commission, its counsel and all other parties of

interest. In the interest of not unnecessarily burdening this docket, additional copies will be provided upon request.

d. If statewide intraLATA dialing parity is not being offered, is the necessary equipment deployed to provide intraLATA dialing at the same time as Ameritech Michigan or any of its affiliates is permitted to offer interLATA service? For the purpose of this question, such preparedness means actually providing the service, not simply taking orders.

AT&T Reply Comments: Ameritech in its Compliance filing states that it has deployed the necessary equipment to provide intraLATA dialing parity and, "in any event, no later than the time that Ameritech Michigan or any of its affiliates is permitted to offer interLATA service." (p. 8) AT&T has no way of ascertaining if indeed the equipment has been deployed as Ameritech claims. However, AT&T would point out that, effective January 1, 1997, Ameritech will begin recovering the costs associated with the implementation of intraLATA presubscription. (See MBT Tariff No. 20R, Part 21, Section 2, paragraph 6.1.3.) To AT&T's knowledge, Ameritech has not demonstrated that the costs being recovered have, in fact, actually been incurred as of January 1, and would argue that Ameritech's own submission would bring this into question.

Additionally, AT&T is attaching a newsletter discussing a problem associated with a customer's wish to presubscribe to Ameritech for intraLATA toll service, while receiving local service from another carrier. This attachment is intended to point out uncertainties associated with the actual provision the service.

Dated: December 19, 1996

Respectfully submitted

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AMERITECH SAYS "NO" TO COMPETITION!

The doors to competition and choice for phone customers, poised to swing open on July 26, were suddenly slammed shut when Ameritech defied a Michigan Public Service Commission (MPSC) order to give customers choice in who they want to use for their intra-LATA phone calls.

The MPSC had ordered Ameritech to provide its customers with "dial-one parity" in 82 percent of its exchanges starting July 26, with most of the rest phased in by the end of 1996.

Instead, Ameritech has thumbed its nose at the MPSC, announcing it would cut certain access fees for intra-LATA calls made by customers who dial a five-digit access code. Since only a handful of customers go through that arduous process, virtually no consumers will benefit from Ameritech's action and true competition will continue to be blocked.

"Ameritech's decision ... to reduce access fees rather than offering Michigan customers in 82 percent of its exchanges a choice for local toll service is anti-competitive behavior at its worst," said Ray O'Connell, AT&T public relations vice president for the Central states. "It is a blatant and obvious attempt to sidestep the intent of last month's order by the MPSC."

Dial-1 parity: Means a phone customer can select any company they wish to handle all of their long-distance calls, including those in their area codes, without having to dial a special five-digit code before dialing 1-then the area code-then the number. That's impossible in 90 percent of Michigan today.

Meanwhile, Ameritech's Chairman and Chief Executive Officer, Richard C. Notebaert, has been portraying the reduction in access fees as a move to help foster competition. In an interview, Notebaert hypes the monopoly's decision to lower "access charges" but neglects to say that this reduction in access fees was ordered by the MPSC as the penalty for denying customers dial-one choices.

"Ameritech is attempting to block competition and deny customers a choice by trying to do everything it can to hold on to its monopoly of local toll service in Michigan," said O'Connell. "We are urging the MPSC to ... enforce its standing order that the company give Michigan consumers and businesses a real choice for local toll providers."

AMERITECH CHARGES COMPANY FOR LEAVING

Not only do customers have to pay Ameritech to use its services, today Ameritech is charging people for not using its services.

This situation has happened to a west Michigan company that wanted to switch its local telephone provider from Ameritech to Brooks Fiber Communications, one of the few non-monopoly companies that have been trying to offer both local and long-distance service in Michigan.

According to Marty Clift, president of Brooks Fiber Communications, the business customer wanted to drop Ameritech's local service and switch to Brooks Fiber, while continuing to use

Ameritech for intra-LATA calls (short haul long-distance calls generally made within a caller's area code). Ameritech, unhappy with this maneuver, decided that the customer would have to pay a termination penalty of \$2,900 for switching to Brooks Fiber.

Even though the customer was going to continue using Ameritech for its intra-LATA service, Ameritech felt it should penalize and fine the customer for not using all the services it provides. This is yet another example of Ameritech attempting to prevent fair and open competition from occurring in Michigan's telecommunications industry and is contrary to the intent of the Michigan law which requires the unbundling of services.

ARBITRATION NEEDED TO FURTHER NEGOTIATIONS

After months of negotiation aimed at opening local phone service to competition, MCI and AT&T have been forced to ask the MPSC to arbitrate the unresolved issues in the companies' ongoing negotiations with Ameritech.

Ameritech has refused to negotiate fruitfully on a variety of key issues that would finally allow local consumers to have real choices in the phone service they have — choices that the Michigan Legislature said it wanted them to have when it passed the Michigan Telecommunications Act last year.

After six months of foot-dragging by monopoly giant Ameritech, MCI and AT&T hope that binding arbitration will finally result in an agreement that will allow them to interconnect customers.

"What we want to do is be able to compete fairly and effectively," said Joan Campion, regional director of MCI. "The only way we can do that ... is for

Ameritech to comply with the MPSC order."

The decision in this proceeding will be the single most important determinant of if, when, and how broadly across Michigan consumers will enjoy the choices in local telecommunications service that they have long enjoyed in long-distance. Since 1984, the price of an average long-distance call has plummeted by almost 70 percent. Michigan consumers would likely see similar dramatic reduction once the Ameritech monopoly ends.

"The outcome of arbitration will do more than simply set the terms under which AT&T competes with Ameritech," said Bonnie Manzi, AT&T vice president of local services. "It will also determine whether customers really will have a true choice in the local service market."

Among the issues still unsettled after months of discussion: pricing, service quality, branding and various operational details. MCI and AT&T would like to continue negotiations with Ameritech throughout arbitration to resolve as many issues as possible outside the arbitration process. It remains to be seen whether Ameritech can be as cooperative.

THANKS FOR READING MCTPA NETWORK

This is our fifth edition of MCTPA NETWORK. MCTPA was formed to bring about true competition in the telecommunications market.

Questions? Please call Richard McLellan, chairman of MCTPA, at 517-374-9100, by fax at 517-374-9191, or Internet address, 5634154@mcimail.com.

U-11104
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